

110TH CONGRESS
1ST SESSION

S. 2399

To expand and improve housing counseling services by increasing financial education and counseling services available to homeowners and prospective homebuyers in financial turmoil or who seek credit or other personal financial assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 16, 2007

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To expand and improve housing counseling services by increasing financial education and counseling services available to homeowners and prospective homebuyers in financial turmoil or who seek credit or other personal financial assistance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Financial Education
5 and Counseling Assistance Act of 2007”.

1 **SEC. 2. FINANCIAL EDUCATION AND COUNSELING.**

2 (a) DEMONSTRATION PROGRAM.—Section 106 of the
3 Housing and Urban Development Act of 1968 (12 U.S.C.
4 1701x) is amended by adding at the end the following:

5 “(g) FINANCIAL EDUCATION AND COUNSELING.—

6 “(1) PURPOSES.—The purposes of this sub-
7 section are to—

8 “(A) increase financial education and
9 counseling services available to homeowners and
10 prospective homebuyers;

11 “(B) assist homeowners and prospective
12 homebuyers to develop monthly budgets, build
13 personal savings, finance or plan for major pur-
14 chases, reduce their debt, improve their finan-
15 cial stability, and set and reach their financial
16 goals;

17 “(C) help homeowners and prospective
18 homebuyers understand their credit histories
19 and its relationship to their credit score, so as
20 to improve their credit score;

21 “(D) educate homeowners and prospective
22 homebuyers about the options available to build
23 savings or plan for retirement; and

24 “(E) provide financial education and coun-
25 seling for homeowners and prospective home-
26 buyers seeking to understand or improve their

1 credit, savings, bill payments, or other personal
2 financial needs.

3 “(2) AUTHORITY.—The Secretary of Housing
4 and Urban Development shall carry out a grant pro-
5 gram to assist eligible organizations to provide fi-
6 nancial education and counseling services to home-
7 owners and prospective homebuyers.

8 “(3) GRANTS.—

9 “(A) IN GENERAL.—The Secretary shall
10 make grants to eligible organizations to enable
11 such organization to provide a range of finan-
12 cial education and counseling services to home-
13 owners and prospective homebuyers.

14 “(B) SELECTION.—The Secretary shall se-
15 lect organizations to receive assistance under
16 this subsection based on their experience and
17 ability to provide financial education and coun-
18 seling services to homeowners and prospective
19 homebuyers.

20 “(C) PREFERENCE.—The Secretary shall
21 give preference to established community-based
22 financial education and counseling organiza-
23 tions capable of providing in-person services.

1 “(4) ELIGIBLE ORGANIZATIONS.—To be eligible
2 to receive a grant under this subsection, an eligible
3 organization shall be a—

4 “(A) housing counseling agency certified
5 by the Secretary under subsection (e);

6 “(B) nonprofit organization organized
7 under section 501(c)(3) of the Internal Revenue
8 Code;

9 “(C) State, local, or tribal government
10 agency; or

11 “(D) community development financial in-
12 stitution (as defined in section 103(5) of the
13 Community Development Banking and Finan-
14 cial Institutions Act of 1994 (12 U.S.C.
15 4702(5)) or a credit union.

16 “(5) ELIGIBLE USES.—A grant awarded to an
17 eligible organization under this subsection shall be
18 used to provide a range of financial education and
19 counseling services, including—

20 “(A) assisting in the expansion of mort-
21 gage and housing-related financial counseling
22 services;

23 “(B) providing information on important
24 financial topics to homeowners and prospective
25 homebuyers; and

1 “(C) assisting homeowners and prospective
2 homebuyers to—

3 “(i) develop sustainable monthly
4 budgets;

5 “(ii) understand their credit history
6 and their credit scores, so as to improve
7 their credit score;

8 “(iii) develop a plan to manage their
9 bills, reduce their debt, and improve their
10 savings; and

11 “(iv) set and reach their financial
12 goals.

13 “(6) COUNSELING ACTIVITIES.—

14 “(A) REGULATIONS.—The Secretary shall
15 develop and issue guidelines and regulations to
16 carry out the financial education and counseling
17 program established under this subsection.

18 “(B) CONTENT OF REGULATIONS.—The
19 guidelines and regulations required under sub-
20 paragraph (A) shall be modeled on the regula-
21 tions issued by the Secretary pursuant to the
22 housing counseling program under subsection
23 (c) and shall require each eligible organization
24 under this subsection to—

1 “(i) conduct a preliminary interview
2 with a homeowner or prospective home-
3 buyer to determine the financial needs of
4 such homeowner or renter;

5 “(ii) develop a financial plan tailored
6 to meet the financial needs of such home-
7 owner or prospective homebuyer; and

8 “(iii) help each such homeowner or
9 prospective homebuyer achieve their finan-
10 cial goals.

11 “(7) COORDINATION WITH THE FINANCIAL LIT-
12 ERACY AND EDUCATION COMMISSION.—In devel-
13 oping the guidelines and regulations required under
14 paragraph (6) and in carrying out the grant pro-
15 gram established under this subsection, the Sec-
16 retary shall seek advice from and work in coordina-
17 tion with the Financial Literacy and Education
18 Commission established under section 513 of the
19 Fair and Accurate Credit Transactions Act of 2003
20 (20 U.S.C. 9702) in order to avoid duplication and
21 to utilize the resources and experience of the Com-
22 mission.

23 “(8) OUTREACH.—

24 “(A) TO INDIVIDUALS.—The Secretary, in
25 cooperation with eligible organizations, shall—

1 “(i) carry out outreach efforts to en-
2 sure that homeowners and prospective
3 homebuyers are aware of the financial edu-
4 cation and counseling opportunities under
5 this subsection; and

6 “(ii) make an special effort to serve
7 individuals who—

8 “(I) qualify for the earned in-
9 come tax credit under section 32 of
10 the Internal Revenue Code;

11 “(II) have a low credit score,
12 damaged credit, or are without suffi-
13 cient data to create a credit score;

14 “(III) are in danger of filing for
15 bankruptcy;

16 “(IV) are subject to, or are in
17 danger of, becoming subject to fore-
18 closure proceedings; and

19 “(V) have low levels of personal
20 saving, low net-worth, or high levels of
21 debt.

22 “(B) TO GRANTEES.—The Secretary shall
23 also make an effort to publish grant opportuni-
24 ties under this subsection to eligible organiza-

1 tions who may not typically seek out such Fed-
2 eral funding.

3 “(9) STUDY AND REPORT ON EFFECTIVENESS
4 AND IMPACT.—

5 “(A) IN GENERAL.—Not later than 2 years
6 after the date of enactment of the Financial
7 Education and Counseling Assistance Act of
8 2007, the Inspector General of the Department
9 of Housing and Urban Development shall con-
10 duct a study and report to the Committee on
11 Banking, Housing, and Urban Affairs of the
12 Senate and the Committee on Financial Serv-
13 ices of the House of Representatives on the ef-
14 fectiveness and impact of the grant program es-
15 tablished under this subsection.

16 “(B) CONTENT OF STUDY.—The study re-
17 quired under subparagraph (A) shall include
18 the following:

19 “(i) The effectiveness of the grant
20 program established under this subsection
21 in improving the financial situation of
22 homeowners and prospective homebuyers
23 served by the grant program.

24 “(ii) The impact of the financial edu-
25 cation and counseling services provided

1 under this subsection on reducing debt,
2 building savings, and improving the overall
3 financial well-being of homeowners and
4 prospective homebuyers served by the
5 grant program.

6 “(iii) An evaluation of the effective-
7 ness and quality of the counselors pro-
8 viding financial education and counseling
9 services under the grant program.

10 “(10) AUTHORIZATION OF APPROPRIATIONS.—

11 There are authorized to be appropriated such sums
12 as are necessary to carry out this subsection.”.

13 (b) CERTIFICATION OF FINANCIAL COUNSELORS.—

14 Section 106(e)(1) of the Housing and Urban Development
15 Act of 1968 (12 U.S.C. 1701x(e)(1)) is amended by strik-
16 ing “(c), or (d),” and inserting “(c), (d), or (g)”.

○